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VERNER, LIIPFERT, BERNHARD, MCPHERSON AND HAND

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LAWRENCE R. SIDMAN
(202) 371-6206

RECEIVED

June 1, 1994

JUN 11 - 1994

VIA HAND DELIVERY

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, D.C. 20554

RE: General Docket No. (90-314)
PP Docket No. 93-253

Dear Mr. Caton:

The PCS Licensing Equity Alliance ("PLEA"), pursuant to Section 1.1206(a)(2) of the Commission's Rules, hereby notifies the Commission that the undersigned met with Blair Levin Chief of Staff to Chairman Reed Hundt. The substance of the matters discussed is reflected in PLEA's April 22, 1994, filing before the PCS Task Force. An original and one copy has been submitted to the Secretary.

Please direct any inquiries concerning this matter to the undersigned.

Respectfully submitted,

VERNER, LIIPFERT, BERNHARD
MCPHERSON AND HAND

By:

Lawrence R. Sidman /lew
Lawrence R. Sidman

Service copies: Blair Levin

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1919 M Street, N.W. - Room 222
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MCPHERSON AND HAND

By: Lawrence R. Sidman / *Lawrence R. Sidman*
Lawrence R. Sidman

Service copies: Blair Levin

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

VIA HAND DELIVERY

Commissioner Rachelle Chong
Federal Communications Commission
1919 M Street, NW
Room 844
Washington, D.C. 20554

RE: Ex Parte Communication
General Docket No. 90-314
PP Docket No. 93-253

Dear Commissioner Chong:

At our meeting on Friday, May 27, 1994, you asked representatives of the PCS Licensing Equity Alliance ("PLEA") to cite examples of when its members had been discriminated against or had been unable to raise the requisite amount of capital to offer spectrum-based services. Enclosed are letters from several of PLEA's member companies documenting the need for a set-aside to overcome these barriers. Accordingly we believe it is critical that the Commission set-aside at least 30 MHz of spectrum for small businesses, businesses owned by women and minorities and rural telephone companies.

Please direct any inquiries concerning this matter to the undersigned.

Respectfully submitted,

VERNER, LIIPFERT, BERNHARD
MCPHERSON AND HAND

By: LAWRENCE R. SIDMAN / PR MSW
Lawrence R. Sidman

Service copies: Chairman Reed E. Hundt
Commissioner James H. Quello
Commissioner Andrew D. Barrett
Commissioner Susan Ness
General Counsel William E. Kennard

MCA

Mobile Communications Association

9376 Mansfield Rd. Shreveport, LA 71118
Office (318) 687-1777

The Honorable Rachelle B. Chong, Commissioner
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Honorable Rachelle B. Chong:

I have been informed that the Broadband PCS Spectrum set asides for Small Businesses, Women, Minorities and Rural telephone companies (SWMRs) are in jeopardy.

It is essential that the set asides for SWMRs remain in place to give us a chance to compete against larger companies in the Broadband PCS market about to get under way. We are not asking for a guarantee of survival, but a chance to compete.

If the set asides and special provisions for SWMRs are removed, there will be no way for us to participate in the auction process because the spectrum will be awarded to the highest bidder giving the large companies with "Deep Pockets" the blatant advantage over SWMRs in general. Along the same lines, the large companies with their unlimited financial power and capital raising abilities will most assuredly be considered before any SWMRs.

Should the set asides be removed, we certainly feel that SWMRs will be discriminated against. Without the set asides or special provisions, we will not be able to participate in the auction process, raise sufficient capital or abide by the stringent rules placed on successful companies for PCS service implementation. Removing the set asides will take SWMRs out of the process completely; therefore, you would take away our ability to compete.

I appreciate your time and ask that you vote in favor of keeping the set asides for SWMRs because our survival in the telecommunications industry depends on this outcome.

Thank you,



Kevin Peters
Director

cc: Lawrence R. Sidman
Bob Kyle



COMMUNICATIONS

May 31, 1994

The Honorable Rachelle B. Chong, Commissioner
Federal Communications Commission
1919 M Street, NW
Washington DC 20554

Dear Commissioner Chong,

Congratulations on your new appointment to the FCC. As time is of the essence regarding the "Designated Entity" treatment in the PCS auction rules, I am writing to express our strong support for a separate auction composed only of designated entities, ie. small businesses, women owned, and minority owned businesses. More specifically, we would like a set aside (not a bidding preference) of channel spectrum blocks "C" and "D" in each service area.

To clarify my request, I will point out my discriminative experiences in dealing with the cellular carriers in our market.

1. Prohibited from approaching major account contracts by the dominant carriers.
2. Limited on my credit line due to being a woman owned business.
3. Lack of early stage support and up-front financing from local financial institutes due to the size of our business.

In conclusion, we feel it would be to the detriment of the information super highway to exclude entrepreneurial fast-moving entities that would bring technologies to the market at a faster rate. We are concerned that a handful of media/communications giants will be in control of each American's access to information delivery.

Thank you for your attention on this matter, as it appears this will be the only way for Designated Entities to be allowed in the PCS auction

Sincerely,

Rene Lord
Mobilnet

Alex Lord
Mercury Communications

cc Bob Kyle

TTC Transition Technology Corporation

450 Maple Avenue, East, Suite 301 — Vienna, Virginia 22180-4724
Telephone (703) 481-1180 & (703) 938-5885 — Facsimile (703) 938-7052

May 31, 1994

The Honorable Rachelle B. Chong, Commissioner
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

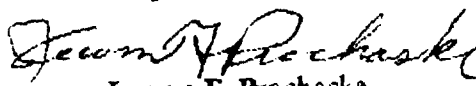
Dear Commissioner Chong:

As owners and officers in a small business that has been operating in the telecommunications arena for the last 10+ years, we are concerned that the Congressional mandate established in the "Omnibus Budget Reconciliation of 1993" is not going to come to pass; i.e., that the FCC ensure that designated entities, (small, woman, and minority owned business and rural telephone companies) be given the opportunity to participate in the spectrum based Personal Communications Services (PCS) revolution. It now appears that the FCC is going to favor the large deep pockets corporations that with their resources will out bid the designated entities in the auctions for PCS spectrum if they are not protected.


Our experiences with trying to raise capital for small business growth and new endeavors has been that the sources of financing, banks, venture, capitalist or SBICs want control of your business or a mortgage on your personal assets. This stifles the progressive ideas and innovative talents of small business with little or no reward for their efforts. We are associated with a group that had the good fortune to win a license in the Cellular RSA lottery. Our company TTC built and managed that cellular system to profitability with a subscriber base of nearly 2,000 even before going on the air. By being allowed into the lottery this small business group was able to convert the spectrum license in hand into the financing that allowed the construction and operation of this successful enterprise that employed some 20 people and provided a lasting service to the communities covered by the cellular system.

Supporting the set asides in the PCS spectrum and the adoption of minimum financial commitments along with flexible financial arrangements is indispensable to full participation by designated entities in the broadband PCS industry.

Very sincerely,



Jerome F. Prochaska
President



George M. Snow
Executive Vice President

May 27, 1994

BISHOP JOHNNIE M. SMITH

Pastor / Founder

The Honorable Rachelle Chong
Federal Communications Commission
1919 "M" Street, NW, Room 814
Washington, DC 20036

Dear Commissioner Chong:

I am a Minister and businessman writing to urge you to cast your vote to provide a set-a-side for Small & Minority, Women-owned businesses in the upcoming PCS auctions. To provide us preferences without access to capital is no opportunity at all. We will not have a fighting chance, if we are not allowed the opportunity to bid among the designated entities.

As a Minister, I see a lot of little boys and girls with no dreams and hope! If companies like mine could be given a fair shot at obtaining licenses, I believe we could do so much more to aid the country. The record is clear that these groups have not had the opportunity to fully participate in mainstream businesses in America.

We all patiently await the final ruling in hope that it provides a fighting chance for the designated entities.

Thank you for all that you will do to provide real opportunities for our businesses.

Sincerely,

Johnnie M. Smith
Johnnie M. Smith
Bishop

JMS:pc

CC: Senator Ernest F. Hollings
Senator Strom Thurmond
Congressman James Clyburn

P.O. BOX 16269 - GREENVILLE, SOUTH CAROLINA 29606

FAX (803) 292-0507

OFFICE (803) 292-9600

CHURCH (803) 232-1515

LAWTELL Corporation
13 Remington Drive
Lewisville, Texas 75067
May 31, 1994

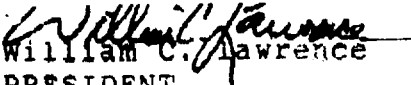
The Honorable Rachelle B. Chong, Commissioner
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Dear Commissioner Chong:

LAWTELL Corporation is a new minority-owned corporation that has been formed for the purpose of entering the PCS industry. As such, we are strongly opposed to any initiative under consideration by the Federal Communications Commission to eliminate or in any way water-down or effectively nullify the Commission's initially proposed licensing preference for small business, rural telephone companies and businesses owned by minorities and women.

There are several important reasons why we are opposed to any such initiatives: (1) Historical and continuing racial, ethnic and sex discrimination in employment and in getting loans and raising capital. For example, unemployment of blacks regularly doubles white employment... Of those working, about one in four blacks secures a white collar job; whereas, one in two white employees works in higher paying and generally more desirable positions. Similar employment disparities also exists as to women. In recent Wall Street Journal articles reporting on racial discrimination in the banking loans industry, it was noted that racial discrimination in the award of loans continues to be deeply entrenched in the fabric of American society. It was pointed out that wealthy blacks are 3 to 4 times as likely than poor whites to be turned down for the same level of loans. In my own situation, I have been employed in the telecommunications industry for twelve years and currently have legal proceedings underway against a major firm in the industry for racial discrimination. (2) Favors originally protected and now established telecommunications companies with deep pockets and raises entry barriers that structurally lock-out small, minority and women owned businesses. A set asides preference is the only way of fulfilling the Congressional mandate to give small, minority and women owned businesses a fair chance in this new industry. (3) Finally, it goes against public policy to ensure simple fairness and equity in the distribution and administration of public goods like broadcast PCS licenses.

By way of this letter, I am also requesting any assistance that my Congressman can provide in the active support of set asides as the only way of fulfilling the Congressional mandate to give small, minority and women-owned businesses a fair chance in the new PCS industry to become viable participants. Please let me know, if you have any questions.


William C. Lawrence
PRESIDENT

C: Congressman Dick Armey



May 27, 1994

Commissioner Rachelle Chong
Federal Communications Commission
1919 M Street
Washington, DC 20005

Dear Commissioner Chong:

I am writing this letter to express my urgent concern as to the importance of your support of the Set Aside clause in the upcoming Notice of Final Report and Order concerning rules and regulations for auction process and financial structure for designated entities.

Wisconsin Wireless Communications Corporation has for the past three years invested a substantial amount of time and money to position ourselves and other Small Business, Women, Minority and Rural Telephone companies in such a way as to create interest in a new technology that will benefit end users and service suppliers. WWCC early on recognized the fact that a great deal of effort would have to be directed at the legislative process, the technical requirements, and financing to have a realistic opportunity to participate in the new PCS service offering. We established a plan to address all three areas:

- We participated in the legislative process by testifying before several committees to help establish guidelines that would allow SWMRs a reasonable chance to succeed in a business venture that has been dominated by a few major companies in the past.
- Our technical participation included application and award of three experimental licenses from the FCC. We were able to establish communication with several equipment manufacturers and submitted to them information that identified the most desirable features that the general public would benefit from based on our market research.
- As we continue to pursue financing for WWCC it is very apparent that a major obstacle we have to overcome is convincing financiers that WWCC will be able to compete with the deep pockets of the major players. The potential of Set Aside frequencies is the logic that prevails when we identify our ability to compete in the auction process. Until the Set Aside component of the process is in place I feel that our chances for securing financing are greatly diminished.

American Wireless Communications Corporation (AWCC) was founded by members that have a strong belief that SWMRs will make a major contribution to the success of PCS. WWCC is one of the founding members of AWCC because we believe that the member companies will benefit from offering a uniform platform of services to system operators and end users. Like WWCC however, the success of AWCC depends on Set Aside frequencies being made available for our participation.

Knowing that WWCC and AWCC are in uncharted waters, we continually assess the risk and the elements that will have an impact on achieving our goals. Of all the hurdles we have crossed we feel that the upcoming decision on Set Aside frequencies will have the greatest impact on the likelihood for SWMRs to succeed and to be able to participate in a meaningful way with the new PCS technology. Set Asides had been introduced early on in the process and we used that criteria as a major component for modeling our financial pro-forma, implementation schedules, and marketing plans for both WWCC and AWCC. All of these models show the importance of Set Aside as a key element of success.

I know a letter such as this cannot do justice to identify all of the important reasons to allow for Set Aside frequencies in the upcoming auction process. However, we are a small business that has lived on the supply side of telecommunications services as a competitor to the major suppliers for more than 20 years. I do not believe that what is being asked for with Set Asides is unjustified and it is needed to promote small business growth in this industry.

Sincerely,



Roy Vande Hey
President



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INTERNATIONAL

WORLD
HEADQUARTERS

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WASHINGTON OFFICE

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Suite 200

Washington D.C. 20036

Phone 202. 659. 2044

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May 27, 1994

The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, NW
Room 814
Washington, DC 20554

Dear Chairman Hundt:

I realize that I represent one of many small and minority women-owned businesses who are urging members of the FCC to provide set-asides in its final ruling order on PCS auctions on June 9, 1994.

If I may, I would like to offer the example of my own business, In-Flight Phone International. We compete daily with systems which do not offer the technology, quality or the passenger value-added services which we offer. Yet, most of the other systems are associated with large telecommunications companies with considerably deeper pockets. All too often we have lost the business, or been entirely overlooked, because carriers prefer to deal with the "big guys" who have a seemingly endless supply of capital, even if it results in a lower quality of public service. Set-asides by the FCC would offer companies similar to my own the opportunity to compete on a level playing field, at a fair advantage, bidding only against other companies like themselves, to establish a value. I fear that with discounts and tax credits, any percentage off the bid price, a "big guy" who is willing to pay the price is still out of the reach of most of us who bring the highest level of innovation and public benefit.

Many, many thanks for your consideration on this matter which is so crucial to these small, struggling businesses and their chance to achieve the true "American Dream."

Sincerely,

Sandra Goeken Martis
Chairman and CEO

SGM:nac



American Wireless Communication Corporation

May 26, 1994

Commissioner Rachelle Chong
Federal Communications Commission
1919 M Street NW
Washington, D.C. 20036

Dear Commissioner Chong

The American Wireless Communications Corporation is a national consortium of small businesses, women and minority owned businesses and rural telephone companies referred to as designated entities that have been formed to pursue business opportunities in the area of Personal Communications Services. It was formed in response to the Congressional mandate expressed in the amended Communications Act, Section 309, J 4 (D) that states:

"ensures that small business, rural telephone companies and businesses owned by members of minority groups and women are given the opportunity to participate the provision of spectrum-based services , and, for such purposes, consider the use of tax certificates, bidding preferences, and other procedures;"

The Second Report and Order established the 20 MHz band C and 10 MHz band D spectrum as set aside for designated entities. Companies such as American Wireless incorporated this information in its business plan created to raise capital for the company to prepare for the auction process as well as construction capital.

The financial community has not been overwhelmed by the prospect of investing in personal communications services. There is considerable doubt on the part of the financial community that the country needs this technology or that its deployment would survive the competitive pressures brought about by the traditional telephone or cellular companies. In fact, the amount of capital required is beyond the scope of most venture capital firms, and in fact, they are not going to be primary investors in these networks. It is going to be the larger investment bankers that will be needed to fund these opportunities for the smaller companies. What makes it attractive to these bankers is a protected license.

It is estimated that there will be more than 12 large communications companies bidding for one of the two 30 MHz bands in each MTA. That would leave 10 companies needing access to that market. A protected license, would force the



Page 2/

large companies to work with the small companies if they were to enter those markets. The investment community saw this synergy and understood the rationale as well as the investment opportunity.

During the last three months, the FCC has been telegraphing to the market place that it is going to revise several of the main policies regarding designated entities. First, there is substantial rumor that there will only be three 30 MHz bands available for auction, two Of the 30 MHz bands will be allocated to the MTA and one 30 MHz band will be restricted to each BTA. In addition, time and again over the past two months bidding credits have been stressed over the originally announced set aside.

American Wireless has been in the process of raising capital for the last four months. Our business plans have had to be revised innumerable times because of the rumors coming out of the FCC. Finally, we were able to have a major firm commit a large block of funds to us for going through the auction process as well as phase one construction, IF, and only IF there is a set aside for designated entities. They do not believe that auction credits have a value against companies that have the ability to spent whatever they believe is necessary to obtain a market license for 10 years. The fact is that the FCC has destabilized the financial community, created uncertainty, and now, only establishing set aside provisions for designated will suffice. Bidding credits, even if allowed at 50% or more, would not restore confidence in the capital markets.

American Wireless is a designated entity company owned by designated entities. The continued survival of all these companies is highly questionable and certainly, the only companies to deploy this new technology will be the very largest. It will have only taken 12 years to put AT&T back together again, now with 12 companies instead of one. Please support the Communications Act and the small companies who have a right to participate in the deployment of this new technology.

Sincerely,

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke at the end.

Martin F. McDermott III

Vice President, General Manager



May 31, 1994

The Honorable Rachelle Chong, Commissioner
Federal Communications Commission
1919 M Street, N.W. -- Room 844
Washington, D.C. 20554

Dear Commissioner Chong:

I am writing to express the views of my company regarding the FCC's implementation of rules for Personal Communications Services. As a small-business owner with several years' experience in cellular telephony, paging and SMR, I am eager to involve my company in the upcoming auctions for broadband PCS. PCS promises to usher in a new era of competition and high-technology in mobile communications and local access services. By most estimates, the PCS industry could create tens of thousands of new jobs and add billions of dollars to the U.S. economy over the next decade.

For this to happen, past experience shows how critically important it is that the FCC create a level playing field for all participants. Congress recognized this fact when it amended the Communications Act to authorize spectrum auctions. I urge the FCC to faithfully implement the will of Congress as specified in Section 309 (j) of the Act. One of the primary objectives this section seeks to achieve includes "ensuring that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women."

In passing this provision, Congress may have recalled the pre-Consent Decree days when consumer choice in long-distance providers was non-existent. However, with MFJ regulations in place competition was protected in a variety of ways. Tariff filing requirements were eased for smaller firms and they were allowed to connect their equipment with the existing telecommunications infrastructure. For the first time, new providers were on an equal footing with the entrenched company in terms of equal access to potential customers. The increased competition led to expanded fiber optic deployment and advanced intelligent

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1-800-DIGIVOX
Fax 616-935-1826

networks. The consumer benefited from a multitude of calling plans, custom features and technology improvements, even as long-distance rates fell.

In determining how to best implement the Congressional mandate of Section 309 (j) in PCS, I urge the FCC to recall one of the central lessons from the MFJ experience: small, non-dominant carriers need special protection if they are going to successfully compete against an entrenched market force. Today, over 90% of all cellular licenses in the U.S. are controlled by the subsidiaries of a few large telecommunications firms. These companies generate billions of dollars in internal cash flows each year from their networks. Without a doubt, they seek to forestall new PCS entrants from gaining a market foothold by expanding these networks. Whereas LECs were granted cellular licenses at no cost (through lottery set-asides), PCS licensees will bid for congested bands and then must pay high costs to relocate fixed microwave users. It is likely that OFS operators will seek large premiums to move in advance of the FCC's mandatory negotiation period.

Even so, it does appear that adequate venture capital backing will be available to new PCS entrants if the FCC adheres to its previous proposals for set-asides of at least 30 MHz, preferably within the 1850-1990 MHz band, along with flexible financing arrangements. However, if designated entities must bid for the same spectrum blocks that deep-pocketed players seek, for all practical purposes they will be locked out of PCS. For this reason, the use of bidding credits, to the exclusion of frequency set-asides, is not guaranteed to fulfill the objectives Congress set forth in Section 309 (j). The FCC record in this proceeding reflects general support for set-asides among a diverse group of commentators; set-asides are a tried and tested method long used by other government agencies to help achieve important public policy goals.

According to Commerce Department statistics, the small business sector is an increasingly important engine for job growth in the United States. Small businesses, historically, have been a force for innovation and change in the telecommunications industry and they should not be kept from participating in PCS by regulations which present an undue de facto barrier.

I hope these comments will be taken into consideration before the Commission completes its deliberations concerning the future of PCS.

Respectfully yours,


John Prawat

IWC

Infinity Wireless Communications, Inc.

March 27, 1994

The Honorable Rochelle Chong
Federal Communications Commission
1919 M Street NW Room 814
Washington, SC 20554

Dear Commissioner Chong,

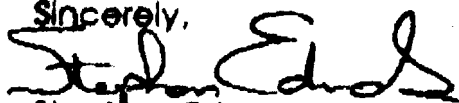
I am a black African American businessman writing to plea for you to cast your vote to provide a set-aside for Small & Minority, Women-owned businesses in the upcoming PCS auctions. We need these allowances if we are to have a solid chance at receiving and operating a PCS license.

Please don't allow for the groups to be left out of the process once again. We need your help to ensure that history does not continue to record that these groups were not permit a fair opportunity to grow up and be proud.

I await the final ruling in hopes that it provides a real chance for the designated entities to participate.

Thank you for your consideration.

Sincerely,



Stephen Edwards
President

cc: Senator Ernest F. Hollings
Senator Strom Thurmond
Congressman James Clyburn

USA Paging, Inc.

2022 2nd Ave - Suite 700 - Kearney, NE 68847
(308) 237-9277 - (800) 937-9277

May 31, 1994

The Honorable Rachelle B. Chong, Commissioner
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: PCS Auction

Dear Ms. Chong:

Being the owner of a small Paging Company with income of \$500,000 per year, I was very much disturbed to learn that there may be a possibility that the preferential treatment for women, minorities and small business owners may be eliminated from the bidding process. We have very limited credit capabilities, therefore, cannot begin to bid against the likes of Bell Operating Companies and AT&T.

It would be socially unconscionable to eliminate these preferences. I can pledge to you that if we win a license we will be the best competitors to the major player and as a result, will provide an economic environment that will mean lower prices to the consumer.

Again, I strongly urge you to provide preferential treatment to women and minorities.

Yours very truly,

USA PAGING, INC.



Elizabeth T. Hilliard

cc: Congressman Bill Barrett
Senator Robert Kerrey



Communications International Wireless Corporation

May 27, 1994

**The Honorable Rochelle Chong, Commissioner
Federal Communications Commission
1919 M Street, N.W.,
Washington, D.C. 20554**

In Re: Support of Set-Asides for "Designated Entities" Participation in PCS

Dear Commissioner Chong:

I would like to take this opportunity to congratulate you on your appointment to the Federal Communication Commission. Additionally, I am requesting your support of a set-aside for Small Business, Woman and Minority Owned Businesses and Rural Telco's (SWMRs) for portions of the spectrum that will be auctioned pursuant to Omnibus Budget Reconciliation Act of 1993.

Communications International Wireless Corporation (CIWC) was formed in anticipation of bidding on the auction and is owned by a minority. CIWC has invested money, time and resources for the past year into Communications International Wireless Corporation (CIWC). CIWC is owned by a consortium of small businesses, women and rural owned telecommunications companies.

Set-asides for this group represent 85% of the population of this group. Further, small businesses (SWMRs) create 85% of the new jobs generated in this economy with the same percentage of votes. It is imperative to stable economic growth and efficient and wide spread use of the "information highway" that the majority of the United States population has the ability to be an owner of air space along the information highway.

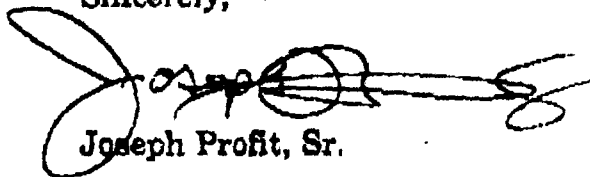
SWMR's require set-aside to lower the cost of capital. Large companies such as Ameritech, Bell Atlantic, Bell South, American Telephone and Telegraph, Mass Communications Corporation have an average of 10% cost of capital. However, SWMRs have a 20% cost of capital as identified by Time Warner on September 10, 1993. The internal rate of return for SWMRs without set-asides is too high to be competitive with non-SWMRs or the top 15 percent of this country. Bidding credits alone cannot level the playing field between SWMRs and the members of the Fortune 100 companies.

**The Honorable Rochelle Chung, Commissioner
Federal Communications Commission
May 27, 1994
Page Two**

SWMRs are requesting that a 30 MHz (C Band) be set-aside for only SWMRs to compete among themselves. As a consequence, business owned by minorities, women, rural and small business individuals as defined by the Small Business Administration would be able to bid on the designated airspace and ultimately own a portion of the information highway. CIWC has met with investment bankers since mid 1993 and they have stated that the markets will raise the capital if the frequency allocation has set asides, but if it does not have set asides, in form of "designated entities" the financial and business incentive would not be present.

Finally, companies such as CIWC will cease to exist without set-asides. Although the designated entities represent a broad cross section of America. CIWC urges you to support the full participation of the designated entities in this great PSC opportunity.

Sincerely,



Joseph Profit, Sr.

CIWC

CWCC

Carolina Wireless Communication Corporation

May 27, 1994

**The Honorable Rochelle Chong, Commissioner
Federal Communications Commission
1919 M Street, N.W.,
Washington, D.C. 20554**

**In Re: Support of Set-Asides to Ensure "Designated Entities" Participation in
 PCS**

Dear Commissioner Chong:

I am writing to request your support of a set-aside for Small Business, Woman and Minority Owned Businesses and Rural Telco's (SWMRs) for portions of the PSC opportunities that will be auctioned pursuant to Omnibus Budget Reconciliation Act of 1993.

Carolina Wireless Communications Corporation (CWCC) was formed as a family owned business to participate in the PCS marketplace. I am not only a minority but also a woman. Since I have actively been involved in telecommunications since 1988. My experience in running a small telecommunications company have been both rewarding and frustrating. Over the past few years, my biggest hurdles have involved adequate financing for my company. The lack of financing has prevented the company from in some cases performing work, the company could have performed profitably.

A case in point, I was awarded a contract in which a major communications supply company guaranteed payment to my bank in turn for them to provided capital. Despite a direct payment guarantee, my business was refused a line of credit. I demonstrated to the bank that I had done business with it over several years grossing in revenue several hundred thousand dollars. The proceeds having been earmarked for a lockbox arrangement at the bank administered by the supply company and the bank was not enough to secure a line of credit from the bank. This is the type of environment that we work in and try to survive by not quitting.

The Honorable Rochelle Chung, Commissioner
Federal Communications Commission
May 27, 1994
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SWMR's require set-asides to lower the cost of capital and the time to acquire it. Large companies such as Ameritech, Bell Atlantic, Bell South, American Telephone and Telegraph, Mass Communications Corporation have an average of 10% cost of capital. However, SWMRs have a 20% cost of capital as identified by Time Warner on September 10, 1993. The internal rate of return for SWMRs without set-asides is too high to be competitive with non-SWMRs on the top 15 percent of this country. Bidding credits alone cannot level the playing field between SWMRs and the members of the Fortune 100 companies.

SWMRs are requesting that a 30 MHz (C Band) be set-aside for only SWMRs to compete among themselves. As a consequence, business owned by minorities, women, rural and small business individuals as defined by the Small Business Administration would be able to bid on the designated airspace and ultimately own a portion of the information highway. CWCC has met with investment bankers over the last six months who have uniformly stated that the financial institutions will make available the capital if the frequency allocation has set asides, but if it does not have set asides, in form of "designated entities" the financial and business incentive would not be present.

Finally, companies such as CWCC will cease to exist without set-asides. Though these businesses represent a broad cross section of our country, government policy may be developed that will cause the designated entities to compete with multinational corporations without having the necessary advantage that are afforded large corporations. We welcome your arrival at the commission and look forward to the outstanding job that we know that you will do.

Sincerely,



Bernardette Hudson
President

CWCC